Secrets. II-37—40,000—27-10-48.

FINANCE (1947) Department.

MS. SERIES.

G.O No. 862

Dated 6—11—1947.

[Despatch Abstract.]

GOVERNMENT SECURITIES - Public Debt (Central Government) Act, 1944 - Legislation in provinces on the lines of - Resolution passed in the Madras Legislative Council and Assembly - Letter to the Government of India - Sent - Papers - Recorded.

GOVERNMENT OF MADRAS.
FINANCE DEPARTMENT.

Letter No.29727 W & M-5.

From

The Secretary to Government of Madras.

To

The Secretary to the Government of India,
Home Department.

Dated, Fort St. George, Madras the 3rd June 1946.

Sir,

Sub: Acts - Government of India Act, 1935 - Seventh Schedule - Paragraph 28 of List I and paragraphs 5 and 27 of List II - Amendment.

I am directed to invite a reference to Mr. B.L. Pandey's letter No.75/8/45 Public (C) dated 19-12-1945 forwarding for the comments of this Government the draft of certain amendments to Lists I and II of the Seventh Schedule to the Government of India Act, 1935. One of the amendments included in the draft relates to entry 5 of List II, and with reference to this amendment, the Government of India stated in paragraph 3 of their letter that it was suggested "with a view to remove any possible doubt on a question raised by a Provincial Government (presumably, this Government) namely, whether the Federal Court Judgment hits the competence of Provinces legislating in pursuance of that entry to cover so much of the public debt of a Province as was secured on promissory notes". The views of this Government on this amendment and on the other amendments included in the draft were conveyed to the Government of India in Mr. Sundaram's letter No.977, Development, dated 5-3-1946.

2. I am to request that this Government may be informed whether legislation on the lines indicated is likely to be passed by Parliament at an early date and, if so, whether the legislation will be given retrospective effect. This information is required to enable this Government to come to a decision on the question of undertaking legislation in the Provincial Legislature in respect of Provincial Government securities, on the lines of the Public Debt (Central Government) Act, 1944 (Control Act XVIII of 1944).

Yours faithfully,

Sd/- x x
Secretary to Government.

No.D.4834-B/47.
GOVERNMENT OF INDIA.
FINANCE DEPARTMENT.

NEW DELHI, THE 12TH, M A Y, 1947.

From

M.V.Rangachari, Esquire,
Deputy Secretary to the Government of India.

To

The Financial Secretary,to the Government of Mad

Sir,

Subject:- Extension of the Public Debt (Central Government) Act 1944, to govern provincial securities.

I am directed to state that the Legislatures of Bombay, North West Frontier Province, Sind and Orissa have passed resolutions in accordance with section 103 of the Government of India Act, 1935, suggesting that the scope of the Public Debt(Central Government) Act 1944, may be extended to govern securiti issued by the respective Provincial Governments. Befor promoting the necessary legislation the Government of In would be glad to know whether the Government of Madras propose to initiate similar action in respect of their securities.

2. A very early reply is requested.

I have the honour to be
Sir,
Your most obedient servant

Sd/- x x

Deputy Secretary to the Governme of India.

Memorandum for resolution in the Madras Legislative Assembly and Council.

Public Debt (Central Government) Act, 1944.

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The Indian Securities Act, 1920, (Central Act X of 1920) was applicable to the securities of both the Central and Provincial Governments till the 30th April 1946. This Act does not contain adequate provision in regard to securities other than promissory notes. For example, section 13 provides for the settlement of disputes relating only to promissory notes and does not apply to Government stock certificate which have recently come more into prominence. The machinery provided in the Act is incomplete even in respect of securities which are promissory notes. In order to remedy the various defects, the Government of India, have enacted the Public Debt (Central Government) Act, 1944 (Central Act XVIII of 1944), also providing therein for summary adjudication by the Reserve Bank of all disputes in regard to Government securities of all kinds. This Act came into force from the 1st May 1946, but it applies only to securities issued by the Central Government and securities of the Provincial Governments continue to be governed by the Indian Securities Act, 1920.

2. It is clearly desirable that the same provisions of law should apply both to this Government's securities and to the Central Government's securities. The Reserve Bank of India, who are the Government's Bankers and manage the Public Debt of the Province, have suggested that for the sake of administrative convenience, it is desirable that Provincial Governments should fall in line with the Central Government and adopt the New Central Act as their own by taking advantage of Section 103 of the Government of India Act, 1935.

3. According to Section 103 of the Government of India Act, 1935, not less than two Provinces should pass a resolution in both the chambers of the Provincial Legislature that a matter enumerated in the Provincial Legislative List shall be regulated by a Central Act. This would be a simpler course than introducing separate legislation in the Provincial Legislature.

It has been ascertained that the Governments of Assam, the Punjab, Orissa and the N.W.F.P. have decided to take action under Section 103 of the Government of India Act. The N.W.F.P. Government have already sent to the Government of India the necessary resolution unanimously passed by the N.W.F.P. Legislative Assembly. Other Provinces are likely to take similar line of action in the near future.

It is therefore proposed that a Resolution (as in the Annexure) be moved in the Legislative Assembly and in the Legislative Council.

Intd. x x
7.3.47.

P.T.O.

GOVERNMENT OF MADRAS.
Finance (Ways & Means) Department.

Letter No.52061 W & M-21.

From
The Secretary to Government.

To
The Secretary to the Government of India,
Ministry of Finance, New Delhi.
(With enclosure).

Dated Fort St. George, the 30th October 1

Sir,

Sub: Public Debt (Central Government) Act, 1944
Legislation in Provinces on the lines of.

Ref: Mr. Rangachari's letter No.D.4834-B/47, dated 12-5-47 and No.D.7638-B/47, dated 15-9-1947.

I am directed to forward herewith a copy of a Resolution passed by the Madras Legislative Council at its meeting held on 20th October 1947 and by the Madras Legislative Assembly at its meeting held on 29th October 1947, and to request that the Central Legislature may kindly be moved to extend the scope of the Public Debt (Central Government) Act, 1944 (No.XVIII of 1944), so as to govern securities issued by this Government.

Yours faithfully,

Sd/- x x
Secretary to Government.

Copy forwarded to The Secretary, Reserve Bank of India,
Central Office, Bombay.
Governments of Bombay,
Central Provinces,
United Provinces,
Bihar,
Orissa,
East Punjab,
West Bengal,
and Assam.

Copy of Resolution moved by the Hon'ble the Finance Minister and passed by the Madras Legislative Council and Madras Legislative Assembly.

"Whereas the Indian Legislature has passed the Public Debt (Central Government) Act, 1944 (Central Act XVIII of 1944), consolidating and amending the law relating to Government securities issued by the Central Government and to the management by the Reserve Bank of India of the public debt of the Central ~~Act~~ Government;

And whereas, in order to avoid inconvenience to the public, it appears to be desirable that the laws and regulations relating to Government securities should be uniform as far as possible throughout India;

COUNCIL.

NOW, Therefore, this Assembly hereby resolves, under section 103 of the Government of India, Act, 1935 that the matters dealt with in the Act aforesaid shall be ~~regarded~~ regulated, in this Province, by Act of the Indian Legislature, in so far as Government securities issued by the Provincial Government and the management of the public debt of the Provincial Government concerned, being matters falling within the scope of Entry 5 of the Provincial Legislative List, viz., 'Public Debt of the Province'."

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x x x

Finance Deptt.

x x x

e see the U.O.Note of the Legislature Sectt. on pp.100-101 C.F. The Govt. of India have already been informed of the Resolution passed by the Council and the Assembly. As it may take some time before legislation is undertaken by the Govt. of India on this subject, the Government of India may be reminded if necessary after the expiry of two months. A call book entry may be made on 15-1-1948. The papers may be recorded as a G.O. for future reference.

FINANCE DEPARTMENT.

G.O.Ms.No.862. Dated 6th November 1947.

ABSTRACT.

GOVERNMENT SECURITIES - Public Debt (Central Government Act, 1944 - Legislature in provinces on the lines of - Resolution passed in the Madras Legislative Council and Assembly - Letter to the Government of India - Sent - Papers - Recorded.

R. Thiagarajan 6.11.47

KRVD.1.12. OFFICE ASSISTANT, M.R.O.

6/11/47